

UNITED STATES OF AMERICA
GENERAL SERVICES ADMINISTRATION

WASHINGTON, D.C. 20405

DD/S 70-0291



JAN 31 1970

Honorable Richard Helms
Director
Central Intelligence Agency
Washington, D.C. 20505

Dear Mr. Helms:

President Nixon issued a memorandum on December 5, 1969, (Attachment A) urging all Federal agencies to cooperate with, and support, the procurement program for minority enterprise established by the Office of Minority Business Enterprise. I have been designated Chairman of the Task Force on Procurement for Minority Businessmen established principally to develop the potential of the SBA 8(a) procurement program which permits SBA to contract with Federal agencies for procurement items which can then be subcontracted to minority businesses.

The SBA 8(a) procurement approach has top priority in this program. Fiscal year goals have been established by SBA for 8(a) procurement. These goals have been established as the Administration's planning target:

<u>Period</u>	<u>Procurement Support Totals</u> (\$million)
FY 1970	\$ 42
FY 1971	\$100

To meet these goals, SBA will need procurement support from all Federal Government purchasing agencies. In this regard, it is assumed that support for these goals by the appropriate agencies will signify their commitment to respond affirmatively to SBA requests which are made in accordance with the approved inter-agency procedure on minority enterprise procurement (Attachment B) up to the total dollar amount involved (as listed in Attachment C). Obviously, it is our hope that the agencies will be willing and able to exceed these commitments.

So that this procurement program can proceed quickly, please provide your official response by February 9, 1970. It is critical to move ahead rapidly on this program. GSA has already committed \$10 million, Post Office has committed \$3.5 million and the Department of Transportation has committed \$4.2 million to this program in FY 1970.

Sincerely,

Robert M. Kuehig

Robert M. Kuehig
Administrator

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WASHINGTON

December 5, 1969

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SUBJECT: Federal Procurement and Minority Business Enterprise

One of the most important ways to promote this effort is to develop a program which will increase the involvement of minority group contractors in the multi-billion dollar Federal procurement program. The Office of Minority Business Enterprise, the Small Business Administration, and a Federal Task Force on Procurement -- under the leadership of Robert L. Kunzig, Administrator of General Services -- are working closely with members of my staff to develop such a program.

I request that during the period of program development, all departments and agencies provide to the Office of Minority Business Enterprise and the Small Business Administration full support in the following ways:

- Provide procurement opportunities.
- Supply management and technical experts.
- Help to set goals to measure progress of the efforts being made.

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-- Name a representative of your department or agency
to pursue these efforts.

This program has high priority on this Administration's agenda. I trust
that all of you will give it your best attention and effort.

Richard Nixon

Attachment B

Inter-Agency Procedure Regarding Procurement for
Minority Businessmen under Section 8(a) of the
Small Business Administration Act

I. OBJECTIVE

- A. It is the objective of this program to use Federal procurement for the purpose of stimulating the development and growth of minority businesses which can compete successfully in the open market as viable, tax-paying enterprises.

II. ASSUMPTIONS

- A. All agencies have agreed to the inter-agency procedure, have specified fiscal year procurement support, and have appointed Minority Business Procurement 8(a) Policy Managers.
- B. The 8(a) procurement program participation of individual firms will be limited to three years, with only a one-year extension possible: third and/or fourth year participation will be at a lower total procurement dollar level than the second year.
- C. Program policy will be coordinated by an Inter-Agency Committee on Minority Business Procurement Policy to be chaired by OMBE, with SBA as Vice Chairman and all agencies represented by the 8(a) policy managers.
- D. 8(a) operations will be coordinated by SBA, with the cooperation of the federal agencies.

III. PROCEDURES

- A. Information regarding minority firms, including their capabilities and possible procurement item identification, will be collected and generated by SBA.* SBA will require a formal application for a firm to officially be considered for procurement in this program.
- B. SBA evaluates, screens, and distributes the list of firms approved to participate in the program, along with relevant data on the firm, to the 8(a) policy managers of the participating agencies: this data provides the initial capability definition required by the agencies in determining contract award possibilities. SBA will complete this process on an individual firm no later than 45 days from the receipt of the formal application.

*To build up a backlog of information on applicable minority firms, OMBE has arranged for OEO to fund a survey of such firms in 50 cities. The data will be distributed directly to SBA.

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III. PROCEDURES (cont.)

- C. Each agency develops a shopping list of items it would most likely be able to purchase from the SBA-listed firms. This list will indicate the appropriate contracting officer in the agency regarding each item and include complete specifics on this procurement; procurement leadtime should be at least 90 days.
- D. The agency provides this shopping list to SBA no later than 30 days from receipt of the list of firms from SBA.
- E. SBA determines the items for contract negotiation and informs the buying agency within 15 days.
- F. Before contract award, SBA will determine that the minority firm has the financial, technical, and management capability required to perform on the specific contract, or that the necessary assistance for these purposes will be made available: preference will be for management and technical assistance to be arranged or provided by the minority company or other local groups (with maximum possible assistance from the buying agency).
- G. Before contract award, SBA and the buying agency reach agreement on administrative responsibilities for the contract; preference will be for the buying agency to handle as much of the administration of the contract as possible.
- H. A contract is awarded to SBA and subcontracted by SBA to the minority firm.

MAJOR PROCUREMENT AGENCY SUPPORT FOR SBA 8(a)
MINORITY BUSINESS ENTERPRISE PROGRAM

<u>Agency</u>	<u>FY 1970 Goal (\$000)</u>	<u>FY 1971 Goal (\$000)</u>
DOD ✓	\$16.5	\$48.0
GSA ✓	16.0	25.0
NASA ✓	2.5	4.0
DOT ✓	4.2	5.0
VA ✓	1.5	3.5
HEW ✓	1.5	4.5
PO ✓	3.5	4.0
Others*	<u>2.3</u>	<u>6.0</u>
Total	\$42.0	\$100.0

*Federal agencies and departments not included in the above list of major purchasers are requested to submit individual statements of their commitments. Although it has been anticipated that the total expected from this group will be as indicated, all such agencies and departments are urged to make the maximum commitment possible.